

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 L-03 TRSE-00 FCSC-01 OMB-01 FBO-01

A-01 SS-20 NSC-07 CIAE-00 INR-10 NSAE-00 RSC-01 IO-14

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O 131000Z JUN 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC IMMEDIATE 6393

C O N F I D E N T I A L PRAGUE 1342

E.O. 11652: GDS

TAGS: PFOR, EFIN, L/C, CZ, US

SUBJECT: CLAIMS NEGOTIATIONS

REF: PRAGUE 1330

1. SUMMARY. IN INFORMAL MEETING OF CHAIRMEN AFTERNOON JUNE 12, ZANTOVSKY REVIEWED STATE OF NEGOTIATION, CONCLUDING THAT, WHILE FORMAL LEADERSHIP APPROVAL WAS STILL BEING PROCESSED, THERE WAS NO QUESTION THAT SUBSTANTIVE AGREEMENT WAS IN HAND. HE PROPOSED THAT DRAFTING BEGIN JUNE 17. END SUMMARY.

2. ZANTOVSKY CONFIRMED THAT, OF QUESTIONS DEALT WITH THIS WEEK, LUMP SUM AND NUMBER OF PAYMENTS WERE FULLY SETTLED. HE WENT ON TO SAY THAT THERE IS SOME DISTRESS OVER INCLUSION OF UNCONDITIONAL PAYMENTS ACCELERATOR CLAUSE, GIVEN ORIGINAL CONNECTION BY CZECHS (AS WITH HUNGARIANS) TO MFN. SINCE CZECHS HAD ABANDONED BASIC MFN LINK, THEY HAD NOT EXPECTED US TO RETAIN UNTIED ACCELERATOR. THEY WERE, IN FACT, STILL IN FAVOR OF ACCCELERATOR TO OPERATE ONCE TRADE WAS "NORMAL," BUT FOREIGN TRADE MINISTRY WAS NOT HAPPY WITH PRESENT PROVISION. ZANTOVSKY WAS, HOWEVER, CATEGORICAL THAT THIS WAS NOT STICKING POINT BUT HE WAS, IN EFFECT, THROWING HIMSELF ON US MERCY FOR SOME AMELIORATION IF WE FELT ABLE. HAVING ALREADY SAID THAT US PROPOSALS WERE FINAL, WORTZEL ASKED ZANTOVSKY WHETHER PROBLEM MIGHT BE DEALT WITH BY ONE-YEAR SUSPENSION OF USE OF ACCELERATOR CLAUSE, I.E.

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THAT ACCELERATOR WOULD OPERATE FROM SECOND ANNYAL PAY-

MENT. ZANTOVSKY BELIEVED THAT THIS WOULD BE APPRECIATED.

WORTZEL POINTED OUT THAT HE HAD NO IDEA WHETHER SUCH ADJUSTMENT WAS POSSIBLE, AND ZANTOVSKY EMPHASIZED THAT WHILE CZECHS WOULD APPRECIATE SOME SUCH GESTURE, THEY WERE NOT SETTING CONDITIONS.

3. ON SURPLUS PROPERTY, ZANTOVSKY DISCUSSED WORDING OF REVERSION PROVISION FOR INTEREST PAYMENTS, BUT SAID THAT THERE WAS NO SUBSTANTIVE ISSUE ON SURPLUS PROPERTY.

4. WITH ASSURANCE THAT FORMAL GOVERNMENT APPROVAL WAS ONLY FORMALITY -- AND LIKELY TO BE GRANTED BY JUNE 17 -- ZANTOVSKY PROPOSED THAT DRAFTING BEGIN NEXT MONDAY, JUNE 17. WE WOULD THUS APPRECIATE FABIAN KWIATEK RETURNING TO PRAGUE BY THAT DATE IF POSSIBLE. ZANTOVSKY EXPRESSED VIEW THAT DRAFTING CAN BE COMPLETED QUICKLY, ESTIMATING THAT TEXT CAN BE INITIALLED BEFORE END OF JUNE.

5. WE WOULD APPRECIATE DEPARTMENT'S JUDGMENT ON POSSIBILITY OF MINOR ADJUSTMENT IN ACCELERATOR SUCH AS DISCUSSED IN PARA 2 ABOVE.

6. REQUEST KWIATEK ETA AS SOON AS POSSIBLE.
WORTZEL

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